

Publication of ethnic newspaper. A nonprofit organization, whose only activities are preparing and publishing a newspaper of local, national, and international news articles with an ethnic emphasis, soliciting advertising and selling subscriptions to that newspaper in a manner indistinguishable from ordinary commercial publishing practices, is not operated exclusively for charitable and educational purposes and does not qualify for exemption.

'Advice has been requested whether the nonprofit organization described below, which otherwise qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954, is operated exclusively for charitable and educational purposes.

'The organization is a nonprofit corporation the only activity of which is the publication and distribution of a weekly newspaper that presents local, national, and world news. The pages of the newspaper are equally divided between community interest items of significance to the members of a certain ethnic group, national and international news articles of special interest to the members of the group, and regular commercial advertising. It also republishes syndicated editorials. The newspaper operates with a paid staff. The staff has no special skills and abilities other than those that are generally found on the staff of any other newspaper.

'The corporation's income is derived from the sale of advertising and the sale of subscriptions to the general public. Its primary expenses are the payment of wages and printing costs. Although the organization has been in existence several years, it has yet to realize a profit from its operations.

'Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable and educational purposes.

'Section 1.501(c)(3)-1(d)(3) of the Income Tax Regulations states that the term 'educational,' as used in section 501(c)(3) of the Code, relates to the instruction of the public on subjects useful to the individual and beneficial to the community.

'Rev. Rul. 67-4, 1967-1 C.B. 121, holds that an organization engaged in publishing may qualify for exemption under section 501(c)(3) of the Code if (1) the content of the publication is educational, (2) the preparation of the material follows methods generally accepted as educational in character, (3) the distribution of the materials is necessary or valuable in achieving the organization's exempt purposes, and (4) the manner in which the distribution is accomplished is distinguishable from ordinary commercial publishing practices.

'This organization's only activities are preparing and

publishing a newspaper, soliciting advertising, and selling subscriptions to that newspaper in a manner indistinguishable from ordinary commercial publishing practices. Accordingly, it is not operated exclusively for charitable and educational purposes and thus does not qualify for exemption from Federal income tax under section 501(c)(3) of the Code.

'Compare Rev. Rul. 68-306, 1968-1 C.B. 257, which holds that a nonprofit organization publishing a newspaper primarily devoted to news, articles, and editorials relating to church and religious matters qualifies for exemption from Federal income tax under section 501(c)(3) of the Code as a charitable organization. By disseminating information about church activities and by publishing inspirational articles, the organization improved communication between the churches and their members and stimulated the religious interests of its readers thereby contributing to the advancement of religion. This organization was not operated in an ordinary commercial manner.